

# STRONGER FUTURES

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# Utah's state budget is facing three general challenges

We enjoy a high quality of life in our state, but we're facing new challenges and it's time to start planning for tomorrow. Utah's tax structure is 80 years old. Our population is growing rapidly. Technology is changing our economy. The ways Utah has funded the state budget in the past no longer meet the needs of today. It's a complex situation.

## Population growth

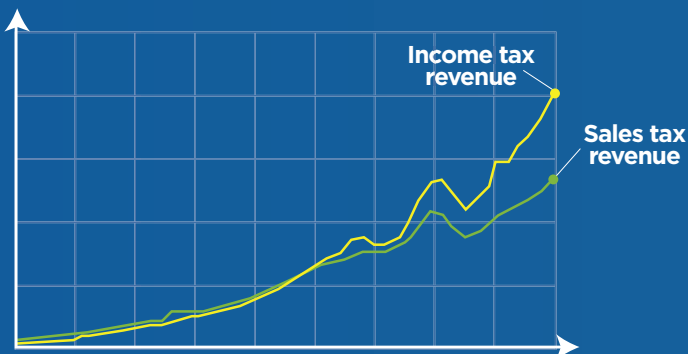


*Utah's population growth is mainly from growing families and partially from new families moving into the state.*

Our children and our grandchildren have started having kids, plus, new families are moving to Utah. Our population has been growing rapidly, is expected to nearly double over the next 40 years and our demographics are shifting. All this growth is affecting housing affordability, creating more traffic congestion, generating air quality challenges and putting pressure on our schools, recreation areas and public safety providers.



To maintain our high quality of life, we will need to responsibly manage investments in critical government services and infrastructure.



## Modern economy

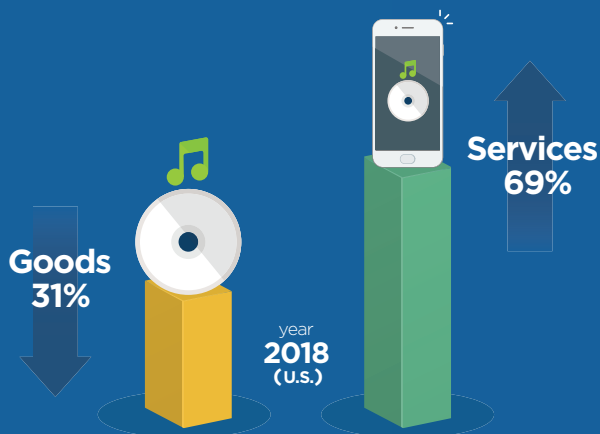
Even though our revenue is growing, because of changes in the economy, income tax revenue is outpacing sales tax revenue.



*With our current revenue structure, income tax can only be used for education, while sales tax pays for everything else, including additional education and transportation funding.*

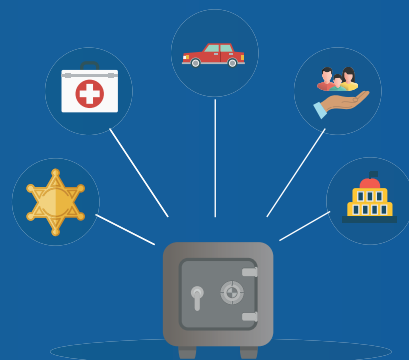


*While growing income tax revenue is good for education, slower growth in sales tax revenue will struggle to meet the demand for non-education programs and investments as Utah continues to grow and becomes older.*



Advances in technology are causing our economy to shift. In the past, people bought more goods, which generated sales tax. Today, more and more goods are being replaced by software and services. CDs and DVDs are now streaming subscriptions. Mobile phone apps have replaced radios, cameras, calculators and paper goods.

Back when people were buying lots of goods, sales tax generated enough money for programs and critical services supported by the general fund. The money we used to spend on these goods, we now spend on services, many of which are not taxed. As a result, what's going into the general fund isn't reflective of our changing economy. The general fund pays for critical services for our families and neighbors, plus makes it possible to fund our schools and roads; therefore, we need to secure a better way to fund our futures.



## Outdated tax structure

The ways Utah has funded the state budget in the past no longer meet today's needs.

1933

2019

*If the state's budget were four pillars, each pillar would represent income in the form of taxes. Each pillar allocates funds to a very specific area of government services. In the past, this siloed structure worked fine.*

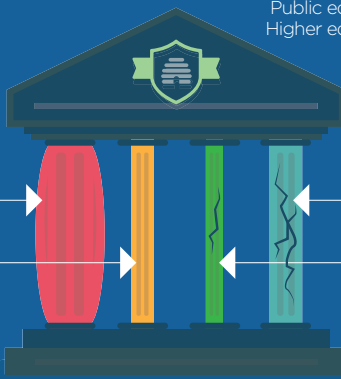


### **\$4.4 BILLION** Income tax

Public education  
Higher education

### **\$2.7 BILLION** Sales tax

Medicaid  
General government  
Public safety  
Social services  
Transportation  
Public education  
Higher education



**TODAY'S FUNDING IMBALANCE**

### **\$0.8 BILLION** Property tax

Public education

### **\$0.5 BILLION** Gas tax

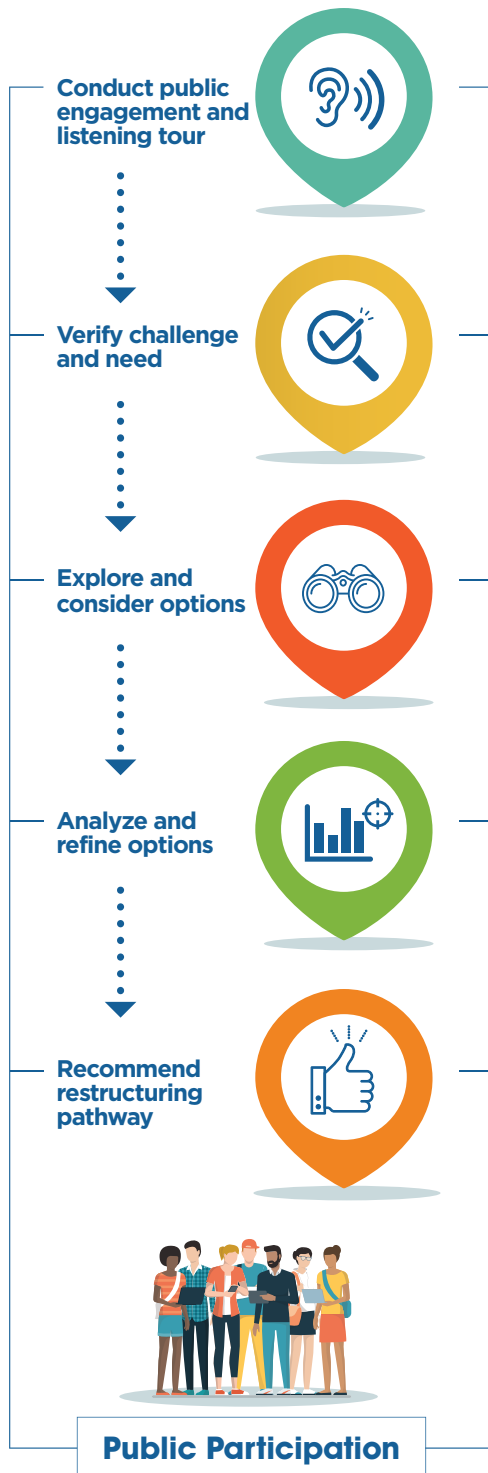
Transportation

*Today, there's an imbalance of designated money coming in and allocated money going out, causing the pillars to weaken.*



# Tax Restructuring & Equalization Task Force Process

So what's being done to stabilize our future funding? In 2019, the Legislature designated a task force to look for ways to address our outdated tax structure, get public input and suggest solutions. The Task Force is using the following process:



## What revenue restructuring options should we consider?

- **Adjust existing tax rates**
- **Modify tax base**
- **Reduce services and investments**
- **Break down revenue silos**

## Your input is important

Utah was built with the pioneer spirit of working together to solve challenges. And because we've always had the foresight to build for tomorrow, our state has always been at the forefront of economic stability. Let's continue in that tradition and come together to create a stronger future.

Fill out a comment form at  
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